

EMPIRE ELECTRIC ASSOCIATION, INC.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 13, 2020

Regular meeting of the board of directors of Empire Electric Association, Inc. was held Friday, November 13, 2020 with the following directors present: David Sitton, Bill Bauer, Kent Lindsay, Bob Barry, and Larry Archibeque. Others present: General Manager Josh Dellinger, Attorney Shay Denning, Finance Manager Ginny Johnson, Engineering Manager Clint Rapier and Executive Secretary / HR Representative Shawna McLaughlin. Appearing by web conference: Director Jerry Fetterman, Operations Manager Ken Tarr, Business Services Manager Chris Snyder, and Member Engagement Manager Andy Carter. Absent is Director Norman Butler, whose absence is excused.

Others present by web conference: Members John Hernandez, Ken Curtis, and Marianne Mate.

President Sitton called the meeting to order at 8:30 a.m.

Approve Consent Agenda:

Action Item: Fetterman moved to approve the consent agenda, seconded by Bauer. Motion carried.

Monthly Safety Report: Dellinger discussed the monthly safety report. There were no injuries last month and there was one property damage report with an employee hitting a deer in a company vehicle. Sitton mentioned that there was a powerline dig in at his business that started a fire in the main panel. He asked why the transformer didn't trip to turn off everything. Dellinger explained what happens during a fault and how the protective devices work. Denning mentioned that we should file a claim with Federated. Carter will file a claim with Federated regarding this incident. Archibeque mentioned CBD creams and how they can cause a positive drug test. He asked how that would be handled based on our policy. Dellinger explained our policy and what could happen.

Membership Input: Former President John Porter called in to thank the Board of Directors for the plaque and resolution. He spoke about his time on the board with high regards.

Correspondence:

General Correspondence:

Rebate from the CFC One Card program.

Thank you from:

Brielle Rice for purchasing her sheep at the San Juan County Fair.

Kennedy Brewer for the opportunity to go on the Washington DC Youth Tour and the scholarship that was awarded to her due to the cancellation of the tour.

Hannah, Taylor, and Ali Barry for supporting them at the San Juan County Fair.

Policy Review/Action:

Action Item: Policy 26: Member Use of the Echoes of the Empire (5-11-18): Dellinger explained that there were some housekeeping edits along with some clarification on whether the Board or the general manager will approve the material. Board agrees to have the general manager approve it. There is also a change in section 7 regarding how long it will be published before the member needs to reapply for a recurring ad. Board agrees on a three-month time frame. Archibeque moved to approve Policy 26 as presented, seconded by Bauer. Motion carried.

Action Item: Policy 27: Service Award (06-08-18): Dellinger explained that all edits were just housekeeping. Lindsay moved to approve Policy 26 as presented, seconded by Barry. Motion carried.

Review the Candidate Campaign Contribution Final Forms: The Board reviewed the final candidate campaign forms. Discussion was had on how the reports should be completed for next year. It was also brought up if we need to show how the funds have been spent. Denning explained that if we want to require the candidates to show how the money is spent, that a bylaw change would need to be made and put to a vote by our membership. Sitton stated that this could be considered by the bylaw committee the next time it meets to consider changes to the bylaws.

General Manager Report:

Action Item: Consider 2021 Energy Efficiency Program: Dellinger mentioned that Carter made recommendations on rebates for the Board to consider. Carter discussed these recommendations. Discussion was had on revisiting this once we establish our new rate structure. These rebates would be effective as of January 1, 2021. Lindsay moved to approve the Energy Efficiency Program as recommended, seconded by Archibeque. Motion carried.

Action Item: Consider solar Projects PPA's: Dellinger explained that we have two Solar Project PPA's with OneEnergy to consider. Dellinger explained the aspects of these PPA's. Discussion was had on the approval from Tri-State and FERC. Bauer moved to approve the contracts subject to final legal review, seconded by Barry. Motion carried.

Action Item: Consider 2021 Budget: Johnson highlighted any changes that were presented during the budget review during the October board meeting. Barry asked for an update on the Pinto / Monticello project.

Dellinger explained that all the contracts have been signed. The design will be completed in 2021 and it will be built in 2022. Barry moved to approve the 2021 budget as presented, seconded by Archibeque. Motion carried

Action Item: Consider 2021 KM Budget Filing: Johnson explained the Kinder Morgan (KM) budget and how it is derived. Dellinger explained our special contract with KM and the customer charge. Barry requested a tour of KM for him and the new board members. Bauer moved to approve the KM budget as presented, seconded by Lindsay. Motion carried.

Action Item: Consider 2021 CPC Budget Filing: Johnson explained the Cortez Pipeline (CPC) budget. Dellinger explained that CPC is a subsidiary of KM and has a separate budget. Fetterman moved to approve the CPC budget as presented, seconded by Bauer. Motion carried.

Action Item: Consider 2021 SCS-1 Tariff Update: Dellinger explained that this is a special tariff for KM. The customer charge and the 10-year forecast are updated each year. Archibeque moved to approve the SCS-1 Tariff as presented, seconded by Lindsay. Motion carried.

Action Item: Consider Amendment to WAPA Dolores Project Contract: Dellinger discussed the contract for the WAPA Dolores Project. This project, for system upgrades for two of the WAPA pumping plants, has been in motion for several years. The original contract was developed by WAPA and Empire in the 1980's. This amendment will allow Empire to own the equipment and will also change the way the rate is calculated. Lindsay moved to approve the WAPA Dolores Project contract as presented subject to final legal review, seconded by Bauer. Motion carried.

Action Item: Select Voting Delegate for Special Tri-State Membership Meeting: Dellinger explained what this meeting will entail and that it will be held on December 8, 2020 with four issues for the membership to vote on. These issues are, board representation for partial requirement members who purchase more than 50% of their energy from Tri-State, merging JM Schafer entities into Tri-State, amending their articles of incorporation and amending their bylaws to make it abundantly clear that adding non-utility members is consistent with the articles and bylaws. Discussion was had on these issues. The board agreed to support these issues. Lindsay moved to select Jerry Fetterman as the Tri-State voting delegate and Larry Archibeque as alternate, seconded by Barry. Motion carried.

Financials: Johnson went over September financials. She pointed out that the year to date gross margin is within \$3000 of budget and expenses are under budget. Loan covenants are within our financial goals policy. She also discussed the October preliminary revenue.

Miscellaneous: Dellinger stated that Kemper Elementary School is getting a sizeable rebate for a heat pump that was installed in the building. Dellinger asked if any board member would like to present that rebate check to them. Archibeque and Sitton will attend the presentation of the rebate check.

Dellinger gave a summary of the Basin Annual Meeting that he attended as a delegate for Empire.

Dellinger stated that the interconnection of the Pinto delivery contract has been signed.

Dellinger said he planned to submit a letter of support for Tri-State's partial requirements Board Policy 124 FERC filing unless there are objections from the board. There were no objections.

Dellinger mentioned that Empire has a Tesla and Chevy Bolt for member and employees to test drive. He encouraged the board to test drive them.

Director Roundtable: none.

Attorney: Denning provided a written report. She highlighted the CREA Fall Legal Seminar.

Tri-State: Fetterman reported on the Tri-State meeting. This was his first meeting as the Tri-State representative. He was placed on the member relations committee. He discussed that Tri-State is working on being part of the Southwest Power Pool. They are continuing to work on cutting costs within Tri-State. He discussed the Tri-State budget.

CREA: Archibeque presented a written report on the CREA meeting. He highlighted the recent wildfires, maintaining a balance of energy, redistricting, and the possibility of adding another representative in Colorado. He discussed some of the bills CREA may propose during the next legislative session. He also attended the NRECA Colorado Membership meeting. At this meeting, they discussed the electrification bill and the wildfire protection plan bill.

Western United: No meeting.

Utah Rural Electric Cooperatives Association: Barry was unable to attend. Dellinger attended both the annual meeting and the regular board meeting, and he put a summary of these meetings in the board packet.

FastTrack: Bauer presented his report in executive session.

Committees: Sitton appointed the board members to committees. He went over these appointments with the board.

Executive Session: Barry moved to go into executive session to discuss the Fast Track report, seconded by Archibeque. Motion carried. Went into executive session at 11:58 a.m. Came out of executive session at 12:17 p.m.

Adjournment: Meeting adjourned at 12:18 p.m.

/s/ David Sitton
David Sitton, President

/s/ Jerry Fetterman
Jerry Fetterman, Secretary/Treasurer